

AMENDED IN ASSEMBLY JUNE 2, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 798**

**Introduced by Committee on Aging and Long-Term Care (Daucher  
(Chair), Berg (Vice Chair), Lieber, Lowenthal, and Nakanishi)**

February 20, 2003

---

An act to add Sections 14132.94 and 14598 to the Welfare and Institutions Code, relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

AB 798, as amended, Committee on Aging and Long-Term Care.  
Medi-Cal: all-inclusive care for the elderly.

Existing law provides for the Medi-Cal program, ~~which is~~ administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons. The Medi-Cal program is, in part, governed and funded by federal medicaid provisions.

Existing federal law establishes the Programs of All-Inclusive Care for the Elderly (PACE), which provides specified services for older individuals so that they may continue living in the community. Federal law permits states to implement the PACE program as a medicaid state option.

Existing state law authorizes the department to establish the California Program of All-Inclusive Care for the Elderly, and to contract with up to 10 demonstration projects to develop risk-based long-term care pilot programs.

This bill would establish PACE program services as a covered benefit of the Medi-Cal program, subject to utilization controls *and eligibility*

*criteria, as specified*, and subject to approval by the federal Centers for Medicare and Medicaid Services of a medicaid state plan amendment electing the PACE program as a state medicaid option. It would authorize the department to enter into contracts with up to 10 PACE organizations to provide services under the PACE program.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 14132.94 is added to the Welfare and  
2 Institutions Code, to read:

3 14132.94. (a) Subject to approval by the Centers for  
4 Medicare and Medicaid Services, of a medicaid state plan  
5 amendment electing the Programs of All-Inclusive Care for the  
6 Elderly (PACE) as a state medicaid option, as provided for by  
7 Subtitle I (commencing with Section 4801) of Title IV of the  
8 Balanced Budget Act of 1997 (Public Law 105-33) and Part 460  
9 (commencing with Section 460.2) of Subchapter E of Title 42 of  
10 the Code of Federal Regulations, PACE program services shall  
11 become a covered benefit of the Medi-Cal program, subject to  
12 utilization ~~controls~~. *controls and eligibility criteria that require*  
13 *that the beneficiary be certifiable for nursing facility services*  
14 *based on Medi-Cal criteria.*

15 (b) Covered services under the PACE benefit of the Medi-Cal  
16 program include those set forth in 42 C.F.R. 460.92.

17 SEC. 2. Section 14598 is added to the Welfare and Institutions  
18 Code, to read:

19 14598. (a) The Legislature finds and declares both of the  
20 following:

21 (1) The demonstration projects authorized by this article have  
22 proven to be successful at providing comprehensive,  
23 community-based services to frail elderly individuals at no greater  
24 cost than for providing nursing home care.

25 (2) Based upon that success, California now desires to provide  
26 community-based, risk-based, and capitated long-term care  
27 services under the Programs of All-Inclusive Care for the Elderly  
28 (PACE) as optional services under California's medicaid state plan  
29 and under contracts, entered into between the federal Centers for  
30 Medicare and Medicaid Services, the department, as the single



1 state medicaid agency, and PACE organizations, meeting the  
2 requirements of the Balanced Budget Act of 1997 (Public Law  
3 105-33) and Part 460 (commencing with Section 460.2) of  
4 Subchapter E of Title 42 of the Code of Federal Regulations.

5 (b) The department may enter into the contracts specified in  
6 subdivision (a) for implementation of the PACE program, and also  
7 may enter into separate contracts with the PACE organizations  
8 contracting under subdivision (a), to fully implement the single  
9 state agency responsibilities assumed by the department in those  
10 contracts, the provisions of Section 14132.94, and any other state  
11 requirement found necessary by the department to provide  
12 comprehensive community-based, risk-based, and capitated  
13 long-term care services to California's frail elderly. The  
14 department may enter into separate contracts specified in  
15 subdivision (a) with up to 10 PACE organizations. The department  
16 may not enter into any contracts specified in subdivision (a) unless  
17 a medicaid state plan amendment, electing PACE as a state  
18 medicaid option as provided for in Section 14132.94, has been  
19 approved by the federal Centers for Medicare and Medicaid  
20 Services.

21 (c) Notwithstanding subdivisions (a) and (b), any  
22 demonstration project contract entered into under this article prior  
23 to January 1, 2004, shall remain in full force and effect under its  
24 own terms, but shall not be renewed or amended beyond the  
25 termination date in effect on that date.

26 (d) For purposes of this section, "PACE organizations" means  
27 those entities as defined in 42 C.F.R. 460.6.

